



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

September 29, 2023

Overview

The 2024 Session is just over three months away. Between now and the end of the year, the bulk of the special and interim committees will wrap up various topics and make recommendations to the 2024 Legislature. Aside from interim committees, there has been lots of news over the last several weeks, from Medicaid Expansion and other Medicaid topics to Republicans' unveiling of their 2024 Session priorities. Here are the highlights from the last few weeks:

Monthly Highlights

August Revenues

- For the first time in several months, the state's total tax collections for August fell below estimates. August tax collections totaled \$640.1 million, which is 3.7% below estimates, and 1.9% below August 2022 revenues.
- https://budget.kansas.gov/wp-content/uploads/02_August_Revenue_FY2024_09-01-2023_Final.pdf

Medicaid Expansion Efforts

- Last week, Governor Kelly announced a renewed push for Medicaid Expansion when the 2024 Legislature convenes. Despite failure to pass Medicaid Expansion the previous five years, the Governor made it clear it is her priority to expand Medicaid in 2024. Whether that is feasible or not remains to be seen, but Republicans have already responded, saying they have no intention of expanding Medicaid, for the often-asserted reasons.
- It is unclear how the issue unfolds, until the Legislature convenes in January. The Governor has said she will not trade a flat tax for Medicaid Expansion, so it seems those two issues are still at an impasse, but neither will go away.
- <https://governor.kansas.gov/governor-kelly-launches-healthy-workers-healthy-economy-statewide-tour-to-rally-kansans-for-medicaid-expansion/>

2024 Republican Priorities

- Republican Legislative leadership last week announced their priorities for the 2024 Session, namely passage of a 5.15% flat tax that failed last Session, as well as property tax relief in the form of a cut to the statewide 20 mills for public schools. Their plan is to cut a few of the mills from the 20-mill tax, costing roughly \$150 million, which would have to be made up in State General Funds to fully finance the state's K-12 education

system. The risk is that the 20 mills funds K-12 automatically. Their proposal will require a legislative appropriation to fill the hole from the reduced 20 mills.

- Republicans said they would like to have a tax cut bill to the Governor's desk within the first few weeks of Session, but that would be unprecedented, given the speed at which things historically move at the Statehouse. However, their expressed urgency suggests a desire for an efficient Session, so that all 165 members of the Legislature have as much time as possible to campaign and raise funds ahead of 2024 elections.
- Republican leaders also mentioned wanting to repeal the Local Ad Valorem Tax Reduction (LAVTR) Fund, which local governments have used in the past to help lower property taxes. This funding source for local governments has not been funded for decades. Local government advocates have renewed calls to restore the funding. When announcing their desire to repeal it, Republican leaders argued counties had too much latitude in how to spend the funds.

CBA Interim Topics

ESG Update

- KPERS provided an update to the Legislative Budget Committee on September 28th on a variety of topics, including its implementation of ESG legislation passed during the 2023 Session. In short, the agency has taken a number of steps to comply with the law, including selecting a proxy voting advisory.
- KPERS' presentation can be found here:
http://kslegislature.org/li/b2023_24/committees/ctte_leg_budget_1/documents/testimony/20230928_09.pdf

Upcoming Activities

The legislative schedule of hearings is updated regularly throughout the interim and can be found at:

http://www.kslegresearch.org/KLRD-web/Committees/2023InterimDocs/interim_mtg_schedule_2023.pdf

Monday, October 9th.

Special Committee on Taxation. Agenda TBD.

Wednesday, October 11th. 9:00 AM.

House Commerce, Labor & Economic Development Committee. Agenda TBD.

Other Upcoming Interims

- Joint KPERS/Pensions, Investments, and Benefits Committee: November 2nd-3rd.
- TEFFI Oversight: November 7th.

Wrap Up

Let us know if you have any questions.

Shawn P. Mitchell, President
Community Bankers Association of KS
5897 SW 29th Street
Topeka, KS 66614
785-271-1404 Office
shawn@cbak.com
www.cbak.com

Stuart J. Little, Ph.D.
Little Government Relations, LLC
800 SW Jackson, Ste. 1100
Topeka, Kansas 66612
785-235-8187 Office
785-845-7265 Cell
stuartjlittle@mac.com
www.lgrkansas.com

Mallory Lutz
Little Government Relations, LLC
800 SW Jackson, Ste. 1100
Topeka, Kansas 66612
785-235-8187 Office
785-409-8351 Cell